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## India

## Livestock and Products

## Annual

## 2004

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**Report Highlights:**

India's CY 2005 beef exports are forecast to reach 625,000 tons (CWE). Increasing investments in meat processing capacities, efforts by exporters to improve the quality of meat through the introduction of feedlots, and extension efforts by the private sector are expected to propel Indian beef exports to new heights, both in terms of quantity and unit values.

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Includes PSD Changes: Yes  
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## SECTION I - SITUATION AND OUTLOOK

### Production

Notwithstanding a likely drought (see GAIN report IN4075), India's cattle population in CY 2005 is forecast to grow by one percent to 330 million head in response to higher prices for meat animals. The buffalo population, which accounts for 51 percent of the total cattle population, continues to grow at a higher rate than the cow population. This is largely due to a higher fat yield in buffalo milk (which fetches a price premium), hardiness of the animal, and a growing export demand for its meat (carabeef). Unlike cows, there are fewer restrictions on buffalo slaughter in most states. Although traditionally only dry or aging buffalo were slaughtered, the fattening for slaughter of male buffalo in feedlots is becoming popular among cattle ranchers, supported by contractual arrangements with modern, export-oriented slaughter houses. Raising buffalo in feedlots improves meat quality, enabling exporters to better compete in the world beef market. Although the slaughter of cows is banned in most states, due to religious sensitivities, illegal slaughtering is common.

Consumption of commercially produced feed in CY 2003 is estimated at 11 million tons, out of the total 107 million tons of feed consumed by the livestock sector. Increasing commercialization of the dairy and meat sectors is expected to increase demand for compound feed. Nonetheless, farm feed formulations should continue to dominate due to their lower cost.

### Consumption

Annual per capita consumption of both beef (considered to be a poor man's meat) and broiler meat is estimated at 1.5 kg, compared with 745 grams for sheep/lamb meat. Health awareness, the increasing affordability and availability of poultry meat, and growing consumer incomes are resulting in a marked shift towards poultry meat consumption despite its higher price vis-a-vis beef, particularly among the health conscious urban consumers. The market for chilled/frozen meat is small in India due to inadequate cold chain facilities and a traditional dislike for frozen meat. The current retail price of beef averages \$1.40 per kg, compared with \$1.80 per kg for poultry meat, and \$2.90 per kg for lamb/sheep meat.

### Production Policy

Government animal husbandry programs are largely oriented towards improving milk rather than meat production. However, these health management programs have helped carabeef exporters maintain a disease-free status.

In the tenth five-year plan (2002 to 2007), the government, working closely with the World Animal Health Organization, started the process of creating three Foot-and-Mouth Disease (FMD) free zones in five major states in which export-oriented meat processing facilities are located. The government's FMD program largely depends on ring patterns of vaccination, coupled with awareness campaigns. According to sources, such programs for FMD free zones would take a minimum of 10-15 years to yield tangible results.

There are no direct government subsidies to Indian meat exporters; rather, exporters have actively taken responsibility for developing the meat sector with various kinds of outreach programs such as animal health management, animal production, quality awareness campaigns, and marketing. There are nine fully integrated export-oriented plants, with a total annual processing capacity of 850,000 tons, which have incorporated HACCP and/or ISO 9000 standards. According to trade sources, three additional modern meat-processing

plants with a total annual capacity of 150,000 tons are being set up in the buffalo belt of Northern India to cater to increasing export demand. Although most meat-processing plants have their own slaughterhouses, some are dependent on the government or municipality-managed slaughterhouses. Besides the mandatory quality certification program, plants are periodically inspected by the Agricultural and Processed Products Export Development Authority (APEDA) and other concerned authorities, to ensure that they adhere to stipulated domestic and export quality standards.

Private meat processors are actively involved in the development of their respective animal supplies through a variety of services (e.g., feed distribution, artificial insemination, breeding, vaccination, and other veterinary services) to meet the quarantine and quality requirements stipulated by their clients. This has resulted in the development of disease-free (Rinderpest, FMD) zones, the reduction of the average mortality rates in calves, and increased milk productivity.

The meat-processing plants buy buffalo for around \$0.71 per kg, and are able to sell the carabeef for \$1.20 per kg CWE.

## Trade

Post forecasts 2005 beef exports at 625,000 tons (CWE), due to growth in demand both from traditional markets (Malaysia, Philippines, and United Arab Emirates) and emerging markets (West Africa and Saudi Arabia).

According to private trade sources, carabeef exports are estimated to increase to 540,000 tons (CWE) in 2004, due mainly to increased purchases from emerging markets in Africa. With India now emerging as a rinderpest-free country, Saudi Arabia recently permitted carabeef imports from India after a period of 15 years. Trade sources are optimistic that Indian carabeef would soon go to Egypt and Iran again after the expected resolution of sanitary issues. Exports to the UAE, Jordan, and Kuwait increased during 2003 to cater to the increased demand for re-exports to Iraq. The former countries of the Commonwealth of Independent States, which recently began sourcing carabeef from India due to the BSE problems in other countries and competitive Indian pricing, continued to expand their imports from India in CY 2003. Although the BSE incident in the United States had little impact on Indian export volumes, since the markets catered by both the countries are different, they did help Indian carabeef realize a higher export price. Indian beef exports to West African countries are increasing, due to the expanding demand from countries such as Congo and Gabon in response to promotional efforts by Indian exporters. FMD still remains a major hurdle in exploring new lucrative markets in South Africa, Indonesia, and Russia.

Based on trade estimates, about 90 percent of Indian carabeef exports are boneless and the rest are carcasses. Major markets for Indian specialty beef cuts include Malaysia, Philippines, Jordan, and the UAE, with smaller quantities exported to other Middle East and African countries. The Philippines and Malaysia account for a major share of beef exports in the fresh/chilled category; Malaysia, the UAE, and Jordan are major importers of frozen meat. Most of the beef exported to the South East Asian countries caters to the institutional demand of the processing industry, for the production of sausages, salami, etc., due to the water holding capacity of Indian carabeef and its good blending properties.

India's licensing requirements due to quarantine concerns effectively ban imports of live bovine animals. However, imports are permitted for breeding purposes under an advance import license issued by the Department of Animal Husbandry. Due to reported incidents of Transmissible Spongiform Encephalopathy (TSE) diseases since August 1999, the Government of India banned imports of live cattle, buffalo, sheep and goat, fresh meat, meat

products, tissue/organs (other than milk), and meat and bone meal of ruminant origin from countries where OIE-reported TSE incidents occurred.

India prohibits imports of beef due to religious sensitivities.

## SECTION II – STATISTICAL TABLES

Table 1: Commodity, Meat, Beef, and Veal, PSD

PSD Table							
Country:	India			0.7	<- Conversion factor for CWE		
Commodity:	Meat, Beef and Veal						
		2003		2004		2005	UOM
	Old	New	Old	New	Old	New	
Calendar Year Begin		01/2003		01/2004		01/2005	(MONTH/YEAR)
Slaughter (Reference)	15450	15450	16300	16800	0	17500	(1000 HEAD)
Beginning Stocks	0	0	0	0	0	0	(1000 MT CWE)
Production	1960	1960	2070	2130	0	2230	(1000 MT CWE)
Intra EC Imports	0	0	0	0	0	0	(1000 MT CWE)
Other Imports	0	0	0	0	0	0	(1000 MT CWE)
TOTAL Imports	0	0	0	0	0	0	(1000 MT CWE)
<b>TOTAL SUPPLY</b>	1960	1960	2070	2130	0	2230	(1000 MT CWE)
Intra EC Exports	0	0	0	0	0	0	(1000 MT CWE)
Other Exports	465	465	520	540	0	625	(1000 MT CWE)
TOTAL Exports	465	465	520	540	0	625	(1000 MT CWE)
Human Dom. Consumption	1495	1495	1550	1590	0	1605	(1000 MT CWE)
Other Use, Losses	0	0	0	0	0	0	(1000 MT CWE)
TOTAL Dom. Consumption	1495	1495	1550	1590	0	1605	(1000 MT CWE)
Ending Stocks	0	0	0	0	0	0	(1000 MT CWE)
<b>TOTAL DISTRIBUTION</b>	1960	1960	2070	2130	0	2230	(1000 MT CWE)
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0	(1000 MT CWE)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 MT CWE)

Table 2: Commodity, Meat, Beef and Veal, PSD (Numbers)

PSD Table							
Country:	India						
Commodity:	Meat, Beef and Veal						
		2003		2004		2005	UOM
	Old	New	Old	New	Old	New	
Calendar Year Begin		01/2003		01/2004		01/2005	(MONTH/YEAR)
Total Cattle Beg. Stks	323000	323000	327250	327250	0	330250	(1000 HEAD)
Dairy Cows Beg. Stocks	135000	135000	136300	136300	0	137000	(1000 HEAD)
Beef Cows Beg. Stocks	0	0	0	0	0	0	(1000 HEAD)
Production (Calf Crop)	46200	46200	47500	47500	0	48500	(1000 HEAD)
Intra EC Imports	0	0	0	0	0	0	(1000 HEAD)
Other Imports	0	0	0	0	0	0	(1000 HEAD)
TOTAL Imports	0	0	0	0	0	0	(1000 HEAD)
<b>TOTAL SUPPLY</b>	369200	<b>369200</b>	374750	<b>374750</b>	0	<b>378750</b>	(1000 HEAD)
Intra EC Exports	0	0	0	0	0	0	(1000 HEAD)
Other Exports	0	0	0	0	0	0	(1000 HEAD)
TOTAL Exports	0	0	0	0	0	0	(1000 HEAD)
Cow Slaughter	1350	1350	1200	1200	0	1100	(1000 HEAD)
Calf Slaughter	3200	3200	3500	3500	0	3700	(1000 HEAD)
Other Slaughter	15450	15450	16300	16800	0	17500	(1000 HEAD)
Total Slaughter	20000	20000	21000	21500	0	22300	(1000 HEAD)
Loss	21950	21950	25500	23000	0	24250	(1000 HEAD)
Ending Inventories	327250	327250	328250	330250	0	332200	(1000 HEAD)
<b>TOTAL DISTRIBUTION</b>	369200	<b>369200</b>	374750	<b>374750</b>	0	<b>378750</b>	(1000 HEAD)
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0	(1000 MT CWE)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 MT CWE)